



November 16, 2015

Ms. Maureen Toms, Principal Planner
Contra Costa County
30 Muir Road
Martinez, CA 94553

Dear Ms. Toms:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m) (1) (A), the Contra Costa County Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule for the period January 1 through June 30, 2016 (ROPS 15-16B) to the California Department of Finance (Finance) on October 2, 2015. Finance has completed its review of the ROPS 15-16B.

Based on a sample of line items reviewed and application of the law, Finance made the following determinations:

- Item No. 65 – Fiscal Agreement in the amount of \$14,500 requested on the ROPS 15-16B and total outstanding obligation of \$500,000 is not allowed. Finance continues to deny this item. As stated in our letter of determination dated May 17, 2015, the East Bay Regional Park District (EBRPD) did not commence the improvements required to trigger such payments within the first four years of the Agreement and failed to negotiate a different commencement date with the former redevelopment agency (RDA). Further, the former RDA no longer exists to adopt a five-year budget on which to base any amounts in excess of the amount needed. Therefore, as the Fiscal Agreement has terminated, this item is not an enforceable obligation and is not eligible for Redevelopment Property Tax Trust Fund (RPTTF) funding.
- Item No. 124 – Low and Moderate Income Housing Asset Fund (LMIHAF) deposit for loan repayment in the amount of \$50,055 is not allowed. It is our understanding the Agency is requesting twenty percent of the loan repayment approved by Oversight Board Resolution No. 2015-6 for deposit into the LMIHAF.

However, pursuant to HSC section 34191.4 (b) (3) (C), twenty percent of any loan repayment shall be deducted from the loan repayment amount and shall be transferred to the Low and Moderate Income Housing Asset Fund. This section does not allow the twenty percent to be an amount in addition to the repayment amount. Therefore, this item is not an enforceable obligation and is not eligible for RPTTF funding.

- The Agency's claimed administrative costs exceed the allowance by \$1,937. HSC section 34171 (b) (2) limits the fiscal year 2015-16 administrative expenses to three percent of the RPTTF allocated or \$250,000, whichever is greater. The Contra Costa County Auditor-Controller distributed \$250,000 administrative costs for the July through

December 2015 period, thus leaving a balance of \$62,096 available for the January through June 2016 period. Although \$64,033 is claimed for administrative cost, only \$62,096 is available pursuant to the cap. Therefore, \$1,937 of excess administrative cost is not allowed.

Pursuant to HSC section 34186 (a) (1), the Agency was required to report on the ROPS 15-16B form the estimated obligations versus actual payments (prior period adjustment) associated with the January through June 2015 period (ROPS 14-15B). HSC section 34186 (a) (1) also specifies the prior period adjustment self-reported by the Agency is subject to review by the county auditor-controller (CAC). Proposed CAC adjustments were not received in time for inclusion in this letter; therefore, the amount of RPTTF approved in the table below only reflects the Agency's self-reported prior period adjustment.

Except for the items denied in whole or in part, Finance is not objecting to the remaining items listed on your ROPS 15-16B. If you disagree with Finance's determination with respect to any items on your ROPS 15-16B, except for those items which are the subject of litigation disputing Finance's previous or related determinations, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance's website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency's maximum approved RPTTF distribution for the reporting period is \$5,069,683 as summarized in the Approved RPTTF Distribution table below:

Approved RPTTF Distribution	
For the period of January through June 2016	
Total RPTTF requested for non-administrative obligations	5,121,529
Total RPTTF requested for administrative obligations	64,033
Total RPTTF requested for obligations on ROPS 15-16B	\$ 5,185,562
Total RPTTF requested for non-administrative obligations	5,121,529
<u>Denied Items</u>	
Item No. 65	(14,500)
Item No. 124	(50,055)
	(64,555)
Total RPTTF authorized for non-administrative obligations	\$ 5,056,974
Total RPTTF requested for administrative obligations	64,033
Administrative costs in excess of the cap (see Admin Cost Cap table below)	(1,937)
Total RPTTF authorized for administrative obligations	\$ 62,096
Total RPTTF authorized for obligations	\$ 5,119,070
ROPS 14-15B prior period adjustment	(49,387)
Total RPTTF approved for distribution	\$ 5,069,683

Administrative Cost Cap Calculation	
Total RPTTF for 15-16A (July through December 2015)	5,346,230
Total RPTTF for 15-16B (January through June 2016)	5,056,974
Less approved unfunded obligations from prior periods	0
Total RPTTF for fiscal year 2015-2016	10,403,204
Administrative cost cap for fiscal year 2015-16 (Greater of 3% of Total RPTTF or \$250,000)	312,096
Administrative allowance for ROPS 15-16A (July through December 2015)	(250,000)
Remaining administrative cost cap for ROPS 15-16B	62,096
ROPS 15-16B administrative obligations after Finance adjustments	(64,033)
Administrative costs in excess of the cap	\$ (1,937)

On the ROPS 15-16B form, the Agency reported cash balances and activity for the period January 1 through December 31, 2015. Finance will perform a review of the Agency's self-reported cash balances on an ongoing basis. Please be prepared to submit financial records and bridging documents to support the cash balances reported upon request. If it is determined the Agency possesses cash balances that are available to pay approved obligations, HSC section 34177 (l) (1) (E) requires these balances be used prior to requesting RPTTF.

Please refer to the ROPS 15-16B schedule used to calculate the total RPTTF approved for distribution:

<http://www.dof.ca.gov/redevelopment/ROPS>

Absent a Meet and Confer, this is Finance's final determination related to the enforceable obligations reported on your ROPS for January 1 through June 30, 2016. This determination only applies to items when funding was requested for the six-month period. Finance's determination is effective for this time period only and should not be conclusively relied upon for future ROPS periods. All items listed on a future ROPS are subject to review and may be denied even if it was not denied on this ROPS or a preceding ROPS. The only exception is for items that have received a Final and Conclusive determination from Finance pursuant to HSC section 34177.5 (i). Finance's review of Final and Conclusive items is limited to confirming the scheduled payments as required by the obligation.

The amount available from the RPTTF is the same as the amount of property tax increment available prior to the enactment of the redevelopment dissolution statutes. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the Agency in the RPTTF.

Please direct inquiries to Nichelle Thomas, Supervisor, or Michael Barr, Lead Analyst at (916) 445-1546.

Sincerely,



JUSTYN HOWARD
Program Budget Manager

cc: Ms. Rosalia Cuevas, Contra Costa County, DCD Accountant, Contra Costa County
Mr. Bob Campbell, Auditor-Controller, Contra Costa County